



**Calgary Assessment Review Board**

**DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

**between:**

**2278372 ONTARIO INC.,  
2281140 ONTARIO INC.,  
(as represented by AVISON YOUNG PROPERTY TAX SERVICES),  
COMPLAINANT**

**and**

**The City Of Calgary,  
RESPONDENT**

**before:**

**R. Glenn, PRESIDING OFFICER  
B. Bickford, BOARD MEMBER  
P. Loh, BOARD MEMBER**

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2014 Assessment Roll as follows:

**ROLL NUMBER: 094220100**  
**LOCATION ADDRESS: 4841 47<sup>th</sup> ST SE**  
**FILE NUMBER: 76497**  
**ASSESSMENT: \$23,940,000**

This complaint was heard on Monday, the 18<sup>th</sup> day of August, 2014 at the offices of the Assessment Review Board located at Floor Number 4, at 1212 – 31 Avenue NE, Calgary, Alberta, in Boardroom 6.

Appeared on behalf of the Complainant:

- B. Peacock, Agent, Avison Young

Appeared on behalf of the Respondent:

- J. Ermube, Assessor, The City of Calgary

**Board's Decision in Respect of Procedural or Jurisdictional Matters:**

[1] There were no questions or issues of Jurisdiction or Procedure raised prior to, or during the hearing. There were no objections voiced to the composition of the Board as it was then constituted.

**Property Description:**

[2] The subject property is a 10.68 acre parcel of land with a single warehouse building development, "A-" class quality, with an assessable building area of 235,634 square feet (sf), Year of Construction (YOC): 2000, with a 4.2% finish, and a total site coverage of 48.53%, an IWM building type, demised into 7 separate units, Land Use Designation (LUD) of I-G, located just off Peigan Trail on 47<sup>th</sup> St SE in the industrial community of Eastfield.

**Issue(s) as stated by the parties:**

- [3] Whether or not:
- (a) the subject property has been properly assessed according to the market value;
  - (b) the subject property has been equitably assessed.

**Complainant's Requested Taxable Value: \$21,950,000**

**Board's Decision:**

[4] The Board confirmed the subject assessment at \$23,940,000.

**Complainant's Position:**

[5] The Complainant began their presentation by stating that "sales that accurately reflect the subject property's value are difficult to come by, and in our opinion, sales that mirror the subject's characteristics exactly are non-existent". They went on to provide four comparables which they said "share comparability with the subject on a couple of variables, but fall short of direct comparability for various reasons".

[6] Their point was simply that "there were no sales upon which an accurate assessment can be based". Because of this conclusion, the Complainant suggested little confidence could be in the Direct Sales Comparison Approach. They looked instead at the Income Approach to Value, and suggested that approach was the most reliable way to properly ascribe an accurate value to the subject. They stated that this is an income producing property owned by an institutional investor, and was subsequently rented out to various commercial and industrial tenants.

[7] They confirmed that the subject assessment was in the amount of \$23,940,000, or, \$101.59/sf. The Complainant in commenting on their sales comparables, noted that the first comparable was close to the characteristics of the subject, (especially in size), except that it was 24 years older. All of the others were smaller. Three of the four sales comparables had a sales price per square foot that was substantially less than the subject.

[8] The oldest of the Complainant's sales comparables was actually a portfolio sale, casting additional doubt on its direct comparability to the subject.

[9] In their analysis of the Income Approach to Value, the Complainant provided three recent (2012) current leases which they said were reflective of current market conditions, all of which had a median market rental rate of \$6.75/sf and an average of \$6.87/sf.

[10] In their Capitalization Rate Analysis, the Complainant provided five transactions from "all over the city", although mainly from the North East Quadrant. They stated that these sales presented an accurate reflection of the income produced by the subject property. The properties listed had a median Cap Rate of 6.94% and an average of 6.99%, and as such, "they project an accurate capitalization rate for these types of properties".

[11] They went on to state that the quality of the income here is most important. Their cap rate study is from properties with a YOC of 1992 up to 2006. They admit there has been no time adjustment made to their cap rate comparables.

[12] On cross-examination, the Complainant admitted that in their rental rate analysis, they used actual numbers, not typical values, saying "these are the most recent values".

[13] In summary, the Complainant acknowledged that there were not many comparables for a warehouse of the subject size. They also acknowledged that one the City's sales comparables was probably the best comparable of all, with an assessable building area of 179,418 sf and a time adjusted sale price of \$78.09/sf. The Complainant went on to say that the income information they provided was for newer properties and quality tenants.

[14] They completed their argument by stating that their four sales comparables were not truly comparable, and that only one supported the assessment. They said that their position was correct because the subject was a very new, very large industrial warehouse.

**Respondent's Position:**

[15] The Respondent began their argument by stating that from a value per square foot basis, the subject falls well within their list of four sales comparables. Two of their comparables were the same as that of the Complainant. However, the Complainant pointed out that the Respondent's sales table showed the incorrect building for one common sale and on that basis the time adjusted rate per square foot is invalid. The City continued to argue their remaining comparables.

[16] The Respondent did not provide an income evaluation in response, stating that it would not have been helpful, even though the Complainant relied on an Income Approach to Value for their argument. Although the sales comparables the Respondent provided were not large in number, they stated that they were a better indication of the actual market value of the subject, and should be followed. They went on to seriously question the reasoning in the Income Approach to Value which the Complainant had taken.

[17] The Respondent argued that the Direct Sales Comparison Approach was the best approach and the range which such an approach provided, was absolutely appropriate and supported the assessment of the subject. They also added that while large properties do not sell all that often, they usually sell for less per square foot.

[18] In summary, the Respondent provided four sales comparables (two in common) and also argued that the Complainant could have provided better sales comparables.

**Reasons for the Board's Decision:**

[19] The Board carefully considered all of the argument and evidence that was placed before it at the hearing. After due deliberation, the Board found that while the Complainant provided details in their Income Approach, they utilized actual values as opposed to typical values. In addition, because the Complainant did not do a typical rent analysis, the Board could not accept the income conclusion suggested by the Complainant.

[20] The cap rate information presented by the Complainant was based on actual income, not on typical income. In addition, evidence on the cap rate issue for building location and size was not really relevant and far too scattered. The Board noted that the City did not really respond to the Complainant's argument on income.

[21] The Board found that while using the Income Approach to Value could bring the assessment into question, there was not enough credible evidence placed before the Board to demonstrate that a reduction was necessary. Accordingly, the Board confirmed the subject assessment in the amount of \$23,940,000.

DATED AT THE CITY OF CALGARY THIS

23<sup>rd</sup>

DAY OF

September, 2014

  
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R. Glenn

Presiding Officer

**APPENDIX "A"**  
**DOCUMENTS PRESENTED AT THE HEARING**  
**AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Additional Complainant Disclosure
3. R1	Respondent Disclosure

*An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.*

*Any of the following may appeal the decision of an assessment review board:*

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

*An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to*

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

**For Administrative Use Only**

Appeal Type	Property Type	Property type	Sub-	Issue	Sub-issue
CARB	Industrial Warehouse	I-G LUD		Market Value	Sales vs Income Approach